Benefits from CAFTA-DR
West Virginia

U.S. DEPARTMENT OF COMMERCE
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West Virginia's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $2.6 million in 2004.

Manufactured goods accounted for 96 percent of West Virginia's total merchandise exports to the CAFTA-DR region in 2004. West Virginia's top manufactured export category to the CAFTA-DR region is soaps, cleaning compounds, and toilet preparations.

The biggest percentage increases between 2000 and 2004 occurred in glass and glass products, miscellaneous chemical products and preparations, commercial and service industry machinery, fabrics, and other general purpose machinery.

CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for West Virginia's exporters throughout the region, providing new market access for the state's products. More than eighty percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over ten years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

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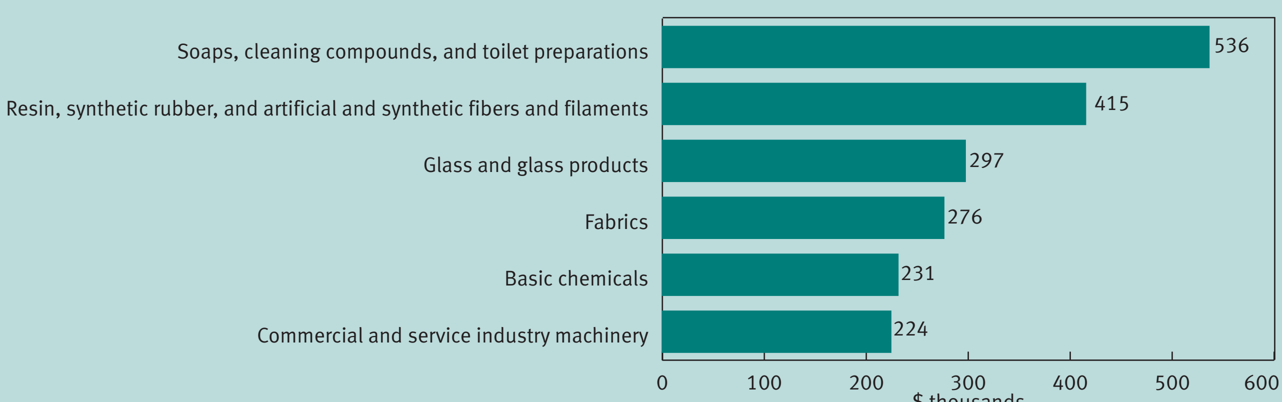
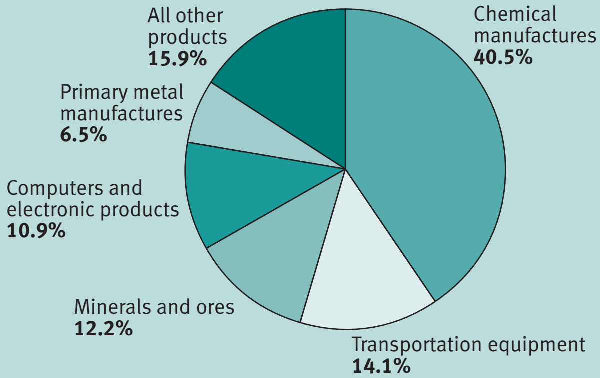
West Virginia Exported $2.5 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Cleaning Products Lead Exports



Source: U.S. Department of Commerce.

West Virginia Exported $3.3 Billion in Goods to the World in 2004

Chemical Manufactures Dominate Exports



Source: U.S. Department of Commerce.

West Virginia's Exports Were Spurred by the North American Free Trade Agreement

Since the North American Free Trade Agreement (NAFTA) was signed in 1993, West Virginia's combined exports to Canada and Mexico have increased by more than 384 percent.

CAFTA-DR Opens Markets for Key West Virginia Exports

Chemical manufactures. West Virginia's exports to the CAFTA-DR region are concentrated in this sector. Soaps, cleaning compounds and toilet preparations are West Virginia' top export to the region, with 2004 exports valued at $536 thousand. Other leading chemical manufactured exports are: resin, synthetic rubber, and artificial fibers and filaments ($415 thousand); and basic chemicals ($231 thousand). U.S. exporters of chemical and related products will benefit from the CAFTA-DR tariff reductions. Central American and Dominican Republic tariffs of 74 percent on chemical and related products will be eliminated immediately, with the rest phased-out over five or ten years. U.S. exporters of chemical manufactures and related products currently face tariffs of up to 20 percent in the Central American and Dominican Republic markets.

Primary metals manufactures are an important global export from West Virginia. CAFTA-DR will enhance opportunities for increased sales. For example, 73 percent of U.S. exports of ferrous metal products will receive duty-free treatment immediately upon implementation of the agreement, with the remaining tariffs phased out over 5 or 10 years. Major infrastructure projects (roads, bridges, hotels) and private-sector-led development of industrial sites and housing has led to a boom in construction in Central America and the Dominican Republic, providing new opportunities for U.S. manufacturers. Duties on ferrous metals currently average 6.3 percent in Central America and the Dominican Republic and range up to 20 percent for some products, such as iron and steel bars and rods.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.